



MEDINA STATION

June 12, 2025

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Purpose

Discuss background of the Medina Station project and the major terms and conditions for a proposed development agreement to provide developer with a retail sales tax incentive for the reimbursement of public infrastructure.



Location

North of US 60 and south of
E. Southern Ave on the east
side of Signal Butte Road

Total site is approximately
64 acres

- Residential (24 +/- acres)
- Commercial (40 +/- acres)



Medina Station

PREVIOUSLY APPROVED DA AND PROPOSED DA

ZONING & CURRENT DA

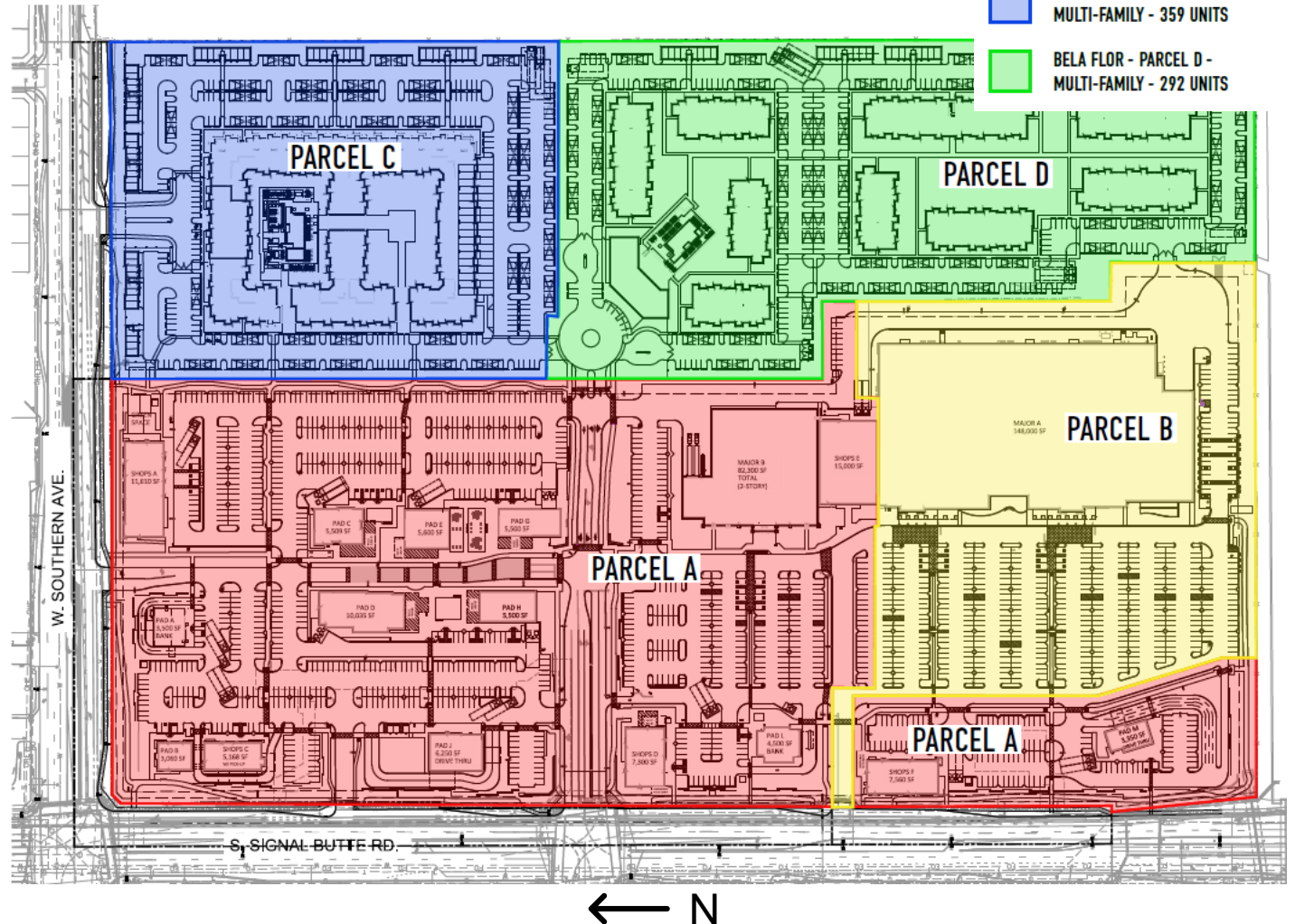
- 2025 Annexation (ANX23-00690) and Development Agreement (DA24-00032) limiting land uses of all 64 +/- acres
- Limited Commercial PAD (LC-PAD), Council Use Permit
- Use DA includes limitations on drive-thrus, service stations, and auto repair

PROPOSED DA

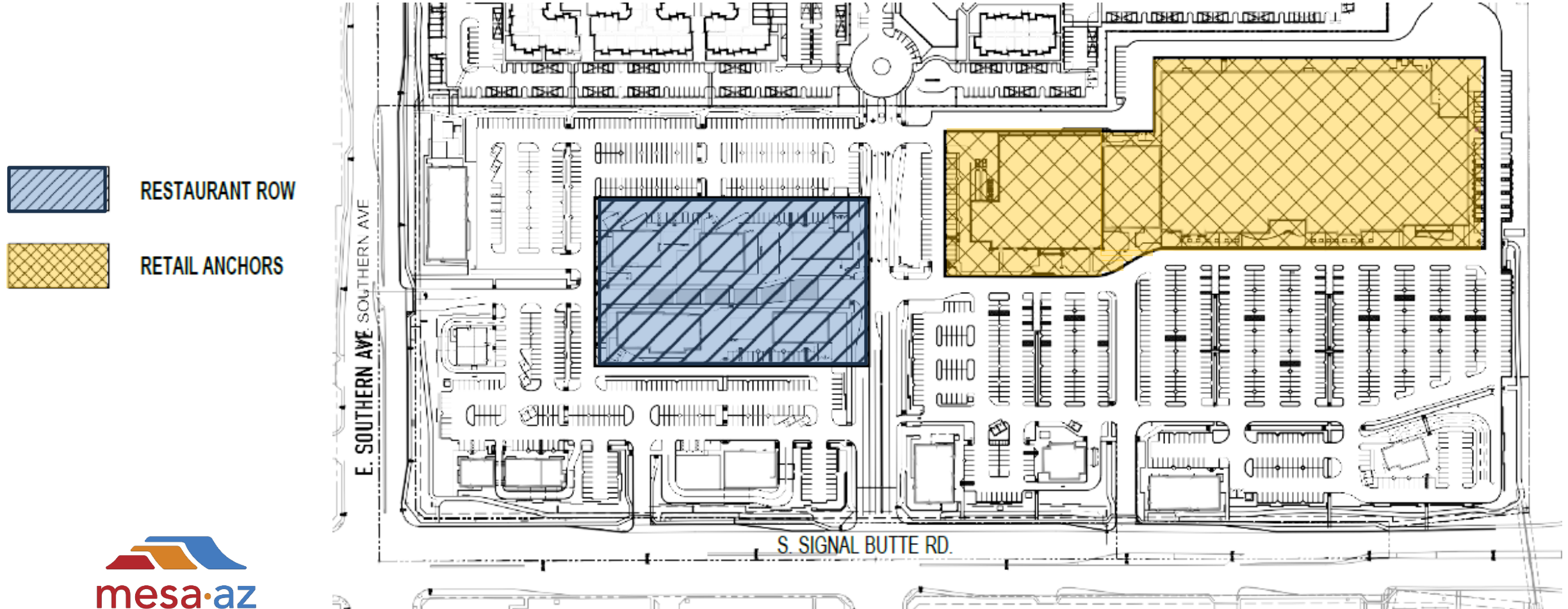
- DA Project Area = Parcel A + B **Only** (40 +/- acres) for Commercial Development, property owned by Target and SimonCRE
- Tax Reimbursement for Public Infrastructure for Commercial Uses - Retail Anchors (including Dick's Sporting Goods and Target) and Restaurant Row

LEGEND

-  SIMONCRE - PARCEL A - RETAIL
28.45 ACRES
-  TARGET - PARCEL B - RETAIL
10.57 ACRES
-  BELA FLOR - PARCEL C -
MULTI-FAMILY - 359 UNITS
-  BELA FLOR - PARCEL D -
MULTI-FAMILY - 292 UNITS



Restaurant Row & Retail Anchors



Overview of DA Structure

- Reimbursement of taxes up to \$6,360,696 for dedicated public infrastructure (City and ADOT) if Developer completes all the following minimum requirements:
 - Six months from DA effective date to obtain building permits for public infrastructure
 - One year to complete public infrastructure which must be designed, bid, and built per applicable law, including A.R.S. Title 34
 - Dedication of the public infrastructure (City and ADOT)
 - Required dedications of right of way to City prior to dedication of public infrastructure
 - Dick's Sporting Goods must complete construction and be open to the public within 48 months of the effective date of the DA
- Construction Sales Tax and Retail Sales Tax Reimbursement: additional Construction Sales Tax available (subject to cap) if open all five restaurants on Restaurant Row

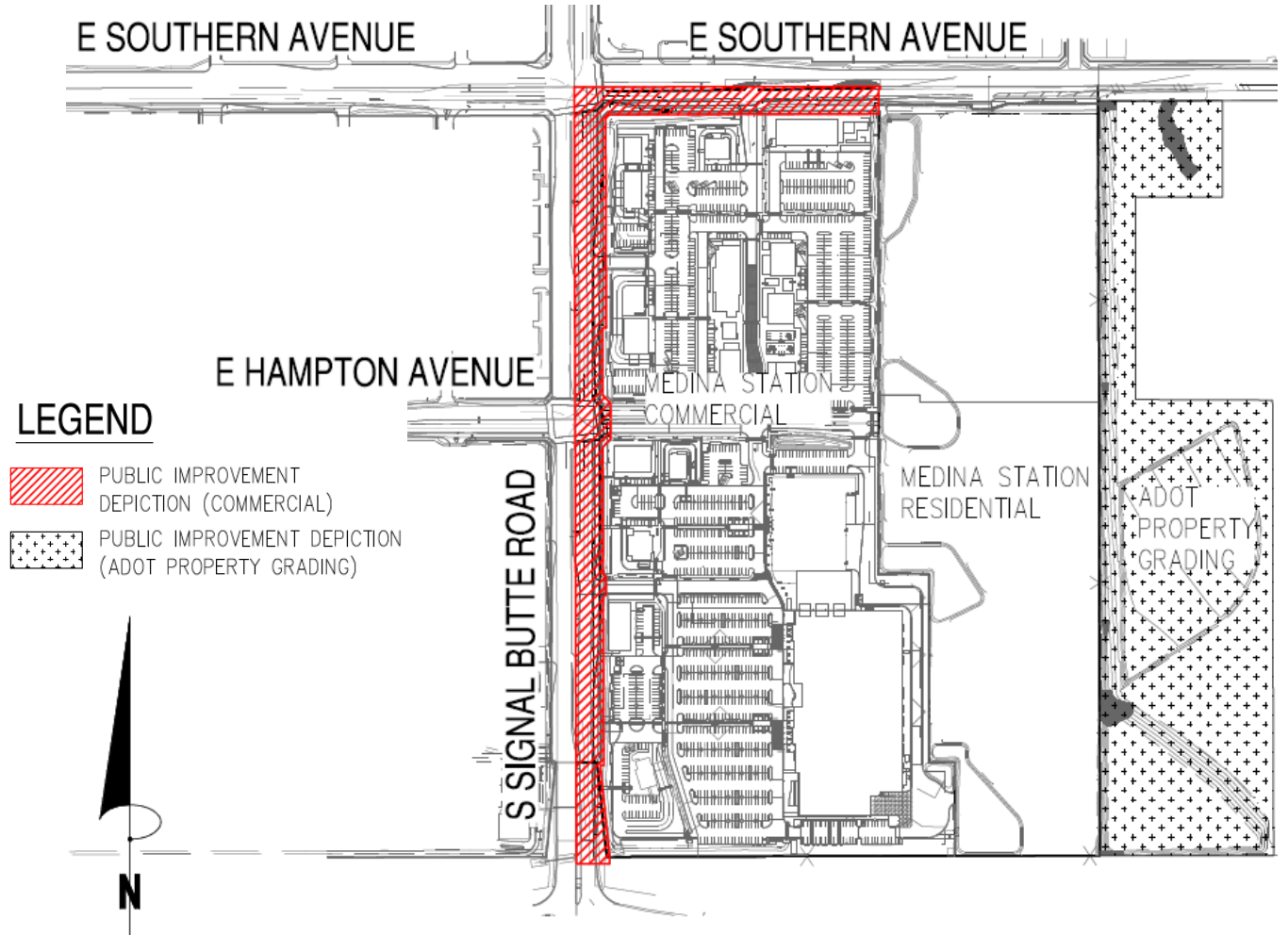
Eligible Infrastructure

PROPOSED PUBLIC INFRASTRUCTURE

Requires investment in public infrastructure that includes:

- Pavement
- Curb, Gutter, Sidewalks and Driveways
- Streetlights
- Traffic Signals
- Water Line*
- Sewer Line*
- Storm Drain*
- Staking & Testing
- ADOT property drainage

*Only on S. Signal Butte Road and not on E. Southern



Construction Tax Reimbursement

- Eligible Construction Tax: 100% of the 1.2% non-dedicated general fund sales taxes received by City for Construction Contracting for the Project
- Eligible Reimbursement One: Dick's Sporting Goods
 - Completion of Conditions Precedent
 - One-time payment of Eligible Construction Tax collected from the Effective Date of DA through 60 days after Dick's Sporting Goods is open to the public
- Eligible Reimbursement Two: Restaurant Row
 - Completion of Conditions Precedent and all five Restaurant Row establishments must complete construction and be open to the public within 48 months of the DA Effective Date
 - Restaurant Requirements:
 - Mid-class, high-quality, or contemporary casual full-service restaurant
 - As of the DA Effective Date: fewer than 100 locations nationally and first of that trade name operating in Mesa within a 10-mile radius of the property, except for Mesa-Gateway Airport
- Total maximum reimbursement period will begin on the Effective Date of DA through twelve months after fifth Restaurant is open to the public (subject to reimbursement cap of \$6,360,696)

Retail Sales Tax Reimbursement

- Eligible Sales Tax: 50% of the 1.2% non-dedicated general fund sales taxes received by City for taxable activities for any Restaurants on Restaurant Row and the Retail Anchors
- Requires Completion of the Conditions Precedent
- Economic Incentive Period: Ten-year period beginning from the date Dick's Sporting Goods is open to the public
- Does not require completion of Restaurant Row, but not doing so reduces the amount of taxes collected by the City which reduces amount available for reimbursement
- Subject to the maximum reimbursement cap of \$6,360,696

Statutory Requirements: Findings & Economic Impact Analysis

- Per A.R.S. § 9-500.11, Council Must Find:
 - The proposed sales tax incentive (project) will raise more revenues than the amount of the incentive (reimbursement) during the term of the agreement; and
 - Development would not locate in Mesa in the same time, place or manner in the absence of a tax incentive.
- Statute requires independent third-party review of the Council findings (economic analysis)
- A.R.S. § 42-6010 requires that construction and sales tax incentives offered to retail businesses be provided only as reimbursement for public infrastructure dedicated to, and accepted and controlled upon completion of the project by the City, County, State (ADOT), or a Private Utility
- Two Council Meetings Required
 - Notice of Intent Resolution
 - Resolutions for approval of the Development Agreement and the Council findings (requires a 2/3 vote of the Council)

Third Party Economic Impact Analysis

- Performed by Applied Economics
- Includes economic analysis and impact summary with projected sales tax, City tax revenues, public improvements, total economic impact, job creation, annual labor income, and construction activity
- Revenues to the City: The project would generate a significantly greater amount of sales tax revenues than the total amount of the rebate
- Final analysis report will be provided to City Council in conjunction with the resolution requiring the City Council findings

Next Steps

June 16, 2025 City Council Meeting

- Notice of Intent Resolution

July 1, 2025 City Council Meeting

- Development Agreement Resolution
- City Council Findings Resolution

